

Message Text

CONFIDENTIAL

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EXDIS

E.O. 11652: GDS
TAGS: ETRD, BL
SUBJECT: RHETORIC ON GS TIN SALES BOILS OVER

1. IN THE LAST TWO DAYS BOLIVIAN RHETORIC ON THE ADMINISTRATION'S SUPPORT OF GSA TIN SALES HAS GOTTEN OUT OF HAND. PRESIDENT CARTER HAS BEEN PORTRAYED AS A DEFENDER OF MICRO HUMAN RIGHTS ONLY, WHO IGNORES THE WELFARE OF A WHOLE SOCIETY. THE MINISTER OF MINES LAUNCHED THE CONCEPT OF US "ECONOMIC AGGRESSION" WHICH HAS BEEN ENTHUSIASTICALLY PICKED UP BY FRONT-RUNNING PRESIDENTIAL CANDIDATE JUAN PEREDA. THE PRIVATE MINERS GROUP DENOUNCED US "EXTORTION". PEREDA, AT HIS WIDELY ATTENDED PROTEST RALLY, TALKED OF OUR TAKING FOOD FROM THE MOUTHS OF BOLIVIAN MINERS AND SHELTER FROM THEIR FAMILIES. RADICAL UNION LEADER JUAN LECHIN HAS SPREAD THE LINE THAT GSA SALES WILL NECESSITATE CUTTING MINERS' WAGES.

2. BY THE END OF THE WEEK OF MARCH 13-17, WHETHER AS A RESULT OF EXHAUSTION OR BANZER GUIDANCE IN RESPONSE TO OUR TALK, THE GOB OFFICIALS TONED DOWN THE SHREIKING. BUT PEREDA FORCES HAVE KEPT IT UP. IN LIGHT OF THE DEEP CONVICTION OF PEREDA'S CAMPAIGN MANAGERS THAT GSA TIN SALES WILL BE AN ECONOMIC DISASTER FOR BOLIVIA, IT APPEARED UNLIKELY THAT HIS CAMPAIGN WOULD DROP THIS HEADLINE ISSUE
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PAGE 02 LA PAZ 02236 171951Z

FOR SOME TIME TO COME.

3. I, THEREFORE, DECIDED I HAD TO SEE PEREDA PERSONALLY BEFORE HE HIT THE CAMPAIGN TRAIL AGAIN THIS WEEK END IN SANTA CRUZ. I SAW PEREDA IN HIS HOME LAST NIGHT.

4. I TOLD PEREDA THAT HIS ADVISORS WERE WRONG ON THE

ECONOMICS OF THE TIN MARKET AND WENT THROUGH THE WHOLE ECONOMIC ARGUMENT. (HE SAID IT WAS NOT HIS CAMPAIGN ADVISERS BUT THE PRIVATE MINERS WHO WERE TELLING HIM THE TIN PRICE WAS GOING TO FALL STEADILY FOR THE REST OF THIS YEAR.) I TOLD PEREDA THE CHARGE OF "ECONOMIC AGGRESSION" WAS NOT JUSTIFIED BY THE FACTS AND WAS DANGEROUS RHETORIC. WE DID NOT EXPECT A SHARP FALL IN THE TIN PRICE, BUT IF WE WERE WRONG THE PRESIDENT HAD THE FLEXIBILITY TO ADJUST THE TIMING AND FORM OF OUR SALES PROGRAM ACCORDINGLY. THERE CLEARLY WAS A TYPE OF DISPOSAL PROGRAM THAT WOULD MINIMIZE THE EFFECTS ON THE SPOT PRICE. BOLIVIAN AMBASSADOR ITURRALDE UNDERSTOOD THE MODALITIES PERFECTLY, AND PEREDA'S CONCERN ABOUT THE 1978 AVERAGE PRICE OUGHT TO TRANSLATE INTO HIS URGING THAT ITURALLDE TAKE UP OUR OFFER OF BILATERAL CONSULTATIONS SOONEST.

5. WHILE THIS WAS A REASONABLY FRIENDLY CONVERSATION, I TOLD PEREDA I RESENTED THE CONTINUING INFLAMMATORY THEME OF ECONOMIC AGGRESSION. BANZER AND I HAD AGREED TO TRY TO CALM OWN THE SITUATION AND IT SEEMED TO ME THIS WAS PEREDA'S INTEREST AS WELL. RATHER APOLOGETICALLY PEREDA (WHO THEY SAID WAS NOT A POLITICAL ANIMAL) GAVE ME A LONG EXPLANATION OF THE TACTICS OF LEAPING TO FRONT ON AN ISSUE ONE'S OPPOSITION CAN USE AGAINST YOU. (IF HE HADN'T CALLED A PROTEST RALLY, THE FAR LEFT WOULD HAVE. THEIRS WOULD HAVE BEEN VIOLENT, MORE ANTI-AMERICAN, ETC., SO PEREDA HAD TO EXPROPRIATE THEIR ISSUE.) I TOLD PEREDA WE COULD UNDERSTAND, IF NOT CONDONE, THIS BUT HE CONFIDENTIAL

CONFIDENTIAL

PAGE 03 LA PAZ 02236 171951Z

HAD NOW DONE THIS AND IT WAS TIME TO STOP. IF HE CONTINUED TO PERPETUATE AND INFLAME THE ISSUE OF TIN SALES FROM NOW ON HE COULD FIND THAT IT WAS THE ANTI-ELECTION FORCES THAT WOULD TAKE THE ISSUE OVER AND BENEFIT FROM HIS EFFORTS TO KEEP IT WARM.

6. PEREDA SAID HE WOULD TONE DOWN THE RHETORIC AND TRY TO PLAY DOWN THE TIN ISSUE OVER COMING WEEKS.

7. COMMENT: WE WILL SEE WHAT PEREDA DOES. HE HIMSELF IS, I THINK, SINCERE IN SAYING HE WILL TRY TO TONE IT DOWN, BUT HIS CAMPAIGN MANAGERS ARE FRIGHTENED OF THIS ISSUE AND WILL PROBABLY BE URGING HIM TO GET BACK ON HIS INDIGNATION AND ASSURE THAT NO ONE IS IN FRONT OF HIM ON THE ISSUE OF DENOUNCING US TIN SALES. A POLIMETRICHIAN WOULD SUMMARIZE OUR CURRENT PROBLEM IN BOLIVIA BY SAYING WE CAN PROBABLY CONTAIN THE POLITICAL DAMAGE TO OUR INTERESTS IN BOLIVIA IF THE TIN PRICE STAYS NEAR FIVE DOLLARS OR MORE. AS PARANOIC AS BOLIVIANS ARE ON THE SUBJECT OF GSA SALES, THEY HAVE TO NOTE WHAT THE TIN PRICE ACTUALLY IS (AS OPPOSED TO WHAT THEIR DOOMSDAY ECONOMICS INDICATE IT SHOULD BE). IF THE PRICE DROPS MUCH BELOW FIVE DOLLARS FOR LONG, WE ARE GOING TO FACE FOUR MORE

MONTHS OF AN ELECTION CAMPAIGN IN WHICH ANTI-US VENOM IS A
CENTRAL FEATURE.
BOEKER

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